

WCES-2011

Assessing effective factors in development of entrepreneurship in agricultural cooperatives of Zanjan province

Yadollah Rajaei ^a*, Jafar Yaghoubi ^b, Hamid Donyaei ^c^a Islamic Azad University, Abhar Branch, Abhar, Iran^b Islamic Azad University, Abhar Branch, Abhar, Iran^c Islamic Azad University, Abhar Branch, Abhar, Iran

Abstract

Nowadays, entrepreneurship is considered as the engine of economic and cultural development of society. Entrepreneurial organization can provide an environment in which all members can participate in entrepreneurial affairs. According to 44th principle of the constitution, a special place is given to the cooperative sector in all sectors including agriculture. The purpose of this study was identifying factors affecting the development and strengthening entrepreneurship in agricultural production cooperatives in Zanjan province. A descriptive–correlation survey approach was used in this study. The study population consists of agricultural cooperative managers. Research samples was selected using randomly stratified method with using Cochran formula ($n=165$). Reliability of instruments was determined by pilot test and calculating Cronbach alpha coefficient. Cronbach alpha values were 0.82. Validity of instrument was determined by investigating the attitudes of specialists in university and cooperative office in Zanjan. Results showed that from the perspective of managers the most important factors in strengthening entrepreneurship in agricultural cooperatives are: Providing financial support and tax breaks, reform the banking laws and making regulations to adjust with entrepreneurs conditions and preparing the document of national entrepreneurship development. Results also demonstrated that there is significant relationship between the entrepreneurial scores of managers and education level of board members, the total number of cooperatives and success level of cooperatives. One-way analysis of variance showed that there is significantly different between entrepreneurial scores of agricultural cooperatives in cities in province.

© 2011 Published by Elsevier Ltd. Open access under [CC BY-NC-ND license](#).

Keywords: Entrepreneurship; Agricultural cooperative; Entrepreneurship promotion ;

1. Introduction

Policies of the Iranian constitution have been given a special place as part of cooperation in various sectors including agriculture. Despite the overall policies of Iran that notified increasing the share of cooperative sector in the economy to 25% refers to the end of 2016, the share of cooperative sector in the economy is only 4 to 5 percent (Latifiyan, 2008). Research results indicate that despite increasing the number of cooperatives, the growth of their quality were not satisfactory. If cooperative sector want to achieve objectives stated in the Constitution, it is

* Yadollah Rajaei. Tel.: +98-242-5272602; fax: +98-242-5226988.

E-mail address: dr.yadollah.rajaei@gmail.com

necessary to increase the quality of cooperative, entrepreneurship education. Development of entrepreneurial culture and support entrepreneurs and create employment seems necessary for improvement. In the agriculture sector, which it is interpreted as a development center considering it can be helpful (Yaghoubi, 2010). According to 44th principle of the constitution, a special place is given to the cooperative sector in all sectors including agriculture. The purpose of this study was identifying factors affecting the development and strengthening entrepreneurship in agricultural production cooperatives in Zanjan province.

Analyzing the impact of Extension education and entrepreneurship development in Nigerian agriculture indicates that most farmers in Nigeria have limited entrepreneurial (technical and managerial) capacity due to old age, illiteracy, lack of skill in agricultural production and gender related constraints. It also indicates that the primary aim of current extension education practice in Nigeria is the dissemination of information on and introduction of new and improved farm technologies to farmers without any provisions for improving the ability of these farmers to cope with the changes in production organization resulting from the introduction of the new technologies (Onyebinama & Onyebinama, 2010). Assessing the situation and perspectives in development of sheep farmers' entrepreneurship in Podlaskie province showed that sheep farmers' readiness for changes (entrepreneurial behaviour) was expressed by possibilities of increasing sheep production profitability. However, a level of entrepreneurship of the sheep farmers was low (Rokicki, 2010).

Investigating problems of development of agricultural production and entrepreneurship in Latvia showed that there are considerable areas of unutilised agricultural land in Latvia, and the productivity is low. The entrepreneurs in agriculture have to face different factors, affecting the production. Expert methods may help in combination of these factors. Different models may be elaborated on the basis of the factor combination. These models are convenient for entrepreneurs, and allow taking into consideration the regional specifics. (Zvirgzdina, Vitola, & Tilta)

Result of assessing extension and education factors influencing the success of entrepreneurship among rural women in northern Iran showed that contact with agricultural experts was the main influencing factor in entrepreneurial activities of rural women. It was found out that relatives and family members were the main sources of information for entrepreneurs and there is need for more training and education of rural women in improving their entrepreneurial activities (Hosseini, Mirdamadi, & Nejad, 2009).

Results of another study about factors influencing the entrepreneurship in Iran's agricultural cooperatives indicated that the factors were categorized into eight groups, namely psychological/cognitive, education, economical, organizational, financial, personal characteristics, regulatory, and social, ordered by the magnitude of their impact (Ghiasy, Hosseini, Malekmohammadi, & Hosseini, 2009)

Evaluating participation level of farm women in entrepreneurship activities under self help groups in India showed that trainings attended, mass media exposure, and socioeconomic status had significant effect on women participation in entrepreneurial activities of self help groups. Further, entrepreneurial behaviour of women had highly significant association with their participation, which was accounted to the fact that women with high entrepreneurial behaviour may be economically motivated (Bhagyavathi, Venugopal, Nagesha, & Nagabhushanam, 2008)

2. Methods and Data Source

The methodological approach of this study employed an analytical method (correlation study). Agricultural cooperative managers in Zanjan province, Iran are the target population that have been selected by using stratified randomization method ($n=165$). From review of literature, a questionnaire was developed to collect data. Content and face validity of instrument were established by investigating the attitudes of cooperation specialists in cooperatives office of Zanjan province. A pilot study was conducted with 25 respondents. Questionnaire reliability was estimated by calculating Cronbach's Alpha. Reliability for the overall instrument was estimated at 0.82. The final questionnaire covered three areas: 1) demographic characteristics such as age, sex, characteristics of each cooperative, ... 2) Entrepreneurship score of Cooperatives which were measured on a five-point scale which ranged from 1 (very little) to 5 (very much). 3) Factors strengthening the entrepreneurship in cooperatives which were

measured on a five-point scale. Data collected were analyzed using the Statistical Package for the Social Sciences (SPSS16).

3. Results

3.1. Personal characteristics of respondents

Cooperative managers who participated in the study ranged in age from 18 to 65 years. The mean age of respondents was 35.9 years. 82% of them were male and 18% were female. In terms of education level, 23.8 percent of the respondents had a primary level literacy, 27.3 percent had a diploma, 13.7 percent had an Associate degree, 25.2 percent had a BS degree and only 10 percent had a M.S and PhD degree.

Zanjan with 28.9 percent, Khodabandeh with 43.2 percent, Abhar with 12.9 percent, Tarom with 8.6 percent Khoramdeh with 4.3 percent, and Mahneshan with 2.3 percent are formed the distribution of samples in the cities of Zanjan province.

3.2. Measurement of entrepreneurship score from the viewpoint of agricultural cooperative managers

In order to assessing entrepreneurship score from the viewpoints of agricultural cooperatives managers, questionnaire of Morad nejadi (2005) with the changes and its compatibility with the status and nature of agricultural cooperatives were used. Entrepreneurship score was evaluated with 21 questions through five levels Likert range. The results is shown in Table 1.

Table 1. Entrepreneurship score of agricultural cooperatives

Groups	Mean	SD	C.V.
Your cooperative competition level to achieve your goals	2.92	1.25	0.43
Customer satisfaction rate of your cooperative products	2.85	1.27	0.45
Rate of applying modern techniques to produce products for the first time	2.67	1.21	0.45
The rate of change in quality of products offered to the market by your cooperative	2.64	1.3	0.49
Cooperative satisfaction from your own business	2.58	1.16	0.45
The rate of change in methods of marketing in your cooperative	2.56	1.28	0.5
Your cooperative activities with the production and supply of high-risk products	2.53	1.28	0.51
Your cooperative share growth in market products	2.47	1.25	0.5
Amount of competitors' mimic from the products that your cooperative Will enter to the market	2.47	1.21	0.49
The rate of change of your cooperative in market supply of products	2.47	1.26	0.51
Rates of employing new technologies in your cooperatives production	2.46	1.2	0.49
The rate of change in the type of your cooperative's products	2.44	1.21	0.5
Your cooperative achievement level to the objectives	2.42	1.21	0.5
Your Cooperative innovation rate in the supply of new products in comparison with competitors	2.38	1.06	0.45
Your cooperative sales growth in the last three years in comparison with competitors in the region	2.37	1.33	0.56
Rate of an increasing amount of job creation in your cooperative in the past three years	2.34	1.08	0.46
The rate of change in the new service to the customers by the Cooperative compared to competitors	2.34	1.09	0.46
New products by your cooperative	2.31	1.11	0.48
Your cooperative sales growth in the last three years	2.3	1.3	0.56
An increasing amount of your cooperative cultivation	2.27	1.1	0.49
Your Cooperative profit growth in three years	2.26	1.11	0.49

Scale: 1) Very little..... 5) Very much

As can be seen in Table 1, the mean of all the questions are less than 3. These findings indicate that from the standpoint of agricultural cooperatives manager's level of entrepreneurship in cooperatives is moderate to low.

3.3. Factors affecting the development and strengthening of entrepreneurship in agricultural cooperatives

Factors enhance the development of entrepreneurship in agricultural cooperatives were measured with 21 questions through five levels Likert range. The results is shown in Table 2.

Table 2. Factors affecting the strengthening of entrepreneurship in agricultural cooperatives

Factors	Mean	SD	C.V.
Tax support from the cooperatives	3.82	1.1	0.29
Reform banking regulations to support entrepreneurs	3.82	1.18	0.31
Increased production subsidies allocated to producers	3.77	1.18	0.31
Formulation of national entrepreneurship development document	3.75	1.11	0.3
Having endured failure, and determination work again	3.69	1.09	0.29
Responsibility cooperative members	3.68	1.1	0.3
Strengthening science and technology parks and development centers	3.64	1.05	0.29
Avoid breaking the law, breaking rents and bribery	3.6	1.07	0.3
promotion of entrepreneurial spirit culture	3.59	1.06	0.29
Giving too much importance to the role of entrepreneurs in developing and marketing	3.54	1.05	0.3
Enhance individual skills and motivation of individual cooperative managers	3.52	1.13	0.32
Creation of entrepreneurship centers (by government or by private or cooperative sector with government support)	3.51	1.09	0.31
Providing visits of successful and entrepreneur cooperatives	3.5	1.13	0.32
Specialized counseling to justify the activities and economic evaluation	3.5	1.15	0.33
Increased incentives for entrepreneurs to enter into cooperative sector	3.48	1.06	0.31
Creating supportive networks for entrepreneurs	3.46	1.14	0.33
Reducing profit of non-productive activities	3.45	1.14	0.33
Providing entrepreneurial training through the public media	3.36	1.29	0.39
Encourage and create healthy competition between cooperatives	3.36	1.14	0.34

Scale: 1) Very little..... 5) Very much

As indicated in Table 2, the respondents rated all the factors studied more than 3. This finding means that from the perspective of agricultural cooperatives manager's all the above factors are effective in strengthening entrepreneurship moderate to very high levels.

3.4. Relationship between entrepreneurial scores and independent variables

In order to investigate the relationship between entrepreneurial scores and independent variables, considering the scale of variables and normal distribution of data, Pearson correlation coefficient was used. The results are presented in Table 3.

Table 3. Relationship between entrepreneurial scores and independent variables

Independent Variables	r	P
education level of board members	0.241*	0.015
educational level of cooperative managing director	0.157	0.117
Age of agricultural cooperatives managers	0.004	0.967
the total number of cooperatives	-0.236	0.017
success level of cooperatives	0.320**	0.002

$$P \leq 0.01:** p \leq 0.05:*$$

There was a direct and significant relationship found between entrepreneurial score and education level of board members and success level of cooperatives and significant negative correlation between entrepreneurial score and the total number of cooperatives. Relationship between entrepreneurial score and other variables were not significant.

4. Conclusion

Results of this study showed that entrepreneurship score of agricultural cooperatives in Zanjan province, less than average and not acceptable. Studies of entrepreneurship measurements in agricultural cooperatives in other areas such as Ghiasy, et al, (2009) have been confirm this finding. According to the result of research on factors affecting entrepreneurship strengthening cooperatives, compliance of entrepreneurship and employment laws by government agencies, which developed and delivered with aim to support cooperatives should be emphasis. Also, providing public and specialized training for managers and members of agricultural cooperatives is recommended.

References

- Bardi, E., Liaghatdar, M. J., Abedi, M. R., & Jafari, E. (2004). Entrepreneurial capabilities of Isfahan University. *Research and Planning in Higher Education*, 12(2), 17.
- Bhagyavathi, Venugopal, Nagesha, G., & Nagabhushanam, K. (2008). Participation level of farm women in entrepreneurship activities under self help groups. [article]. *Mysore Journal of Agricultural Sciences*, 42(1), 159-162.
- Ebnali, L., & Rajabinasab, A. (2005). the obstacles of academic entrepreneurship development (agriculture). Paper presented at the National Conference on Higher Education and Entrepreneurship.
- Ghiasy, F. G., Hosseini, S. J. F., Malekmohammadi, I., & Hosseini, S. M. (2009). Factors influencing the entrepreneurship in Iran's agricultural cooperatives. *Australian Journal of Basic and Applied Sciences*, 3(2), 1170-1176.
- Hosseini, S. J. F., Mirdamadi, S. M., & Nejad, G. R. H. H. (2009). Extension and education factors influencing the success of entrepreneurship among rural women in northern Iran. *Research Journal of Biological Sciences*, 4(9), 967-973.
- latifiyan, a. (2008). Measuring the effectiveness and efficiency of cooperatives in Khorasan. *Journal of Cooperative*(192), 7.
- Onyebinama, U. A. U., & Onyebinama, I. C. (2010). Extension education and entrepreneurship development in Nigerian agriculture. *Agricultural Journal*, 5(2), 63-69.
- Rokicki, T. (2010). The situation and perspectives in development of sheep farmers entrepreneurship. *Acta Scientiarum Polonorum - Oeconomia*, 9(2), 191-197.
- Sabaghyazdi, S. (2009). Introduction to Student Entrepreneurship. Retrieved from <http://www.jobportal.ir/>
- Sharifi, O., Alizadeh, H., Esmailipour, O., & Solaymani, A. (2009). Factor analysis of the obstacles entrepreneurship in the field of agriculture from the viewpoint of final year students Paper presented at the National Conference on Higher Education and Entrepreneurship.
- Yaghoubi, J. (2010). Study barriers to entrepreneurship promotion in agriculture higher education. *Procedia - Social and Behavioral Sciences*, 2(2), 5.
- Zvirgzdina, R., Vitola, S., & Tilta, E. Problems of development of agricultural production and entrepreneurship in Latvia. Paper presented at the Finances, taxes, investment and support systems. *Proceedings of the International Scientific Conference*, 23-24 April, 2009.